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HCUA

WALTER WLADYSLAW TALMONT, Pekao Trading Company, New York, N. Y., testified before HCUA in Executive Session on 3/19/59. A copy of this testimony is enclosed for the Bureau and the NY Office.

This testimony was obtained on a highly confidential basis and the fact that we have it should not be disclosed. If any information is reported therefrom, it must be paraphrased and covered with a T symbol to protect the source (HCUA).

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EXECUTIVE SESSION - CONFIDENTIAL

HEARINGS

BEFORE THE

COMMITTEE ON UN-AMERICAN ACTIVITIES

HOUSE OF REPRESENTATIVES

TESTIMONY OF WALTER TALMONT

SECURE TESTIMONY
DO NOT DISSEMINATE

Date March 19, 1959

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EXECUTIVE SESSION - CONFIDENTIAL

THURSDAY, MARCH 19, 1948

House of Representatives,

Subcommittee of the Committee on
Un-American Activities,

Washington, D. C.

The subcommittee met, pursuant to notice, at 10:00 a.m., in Room 220, Old House Office Building, the Honorable Clyde Doyle presiding.

Present: Representatives Doyle, and Tuck.

Also present: Richard Arons, Staff Director; and Donald T. Appel, Investigator.

Mr. Doyle: The committee will be in order.

Do you solemnly swear that you will tell the truth, the whole truth and nothing but the truth?

Mr. Belmont: Yes, I do.

Mr. Doyle: Let the record show that the Chairman of the full committee, Mr. Walter, appointed a subcommittee of Messrs. Scherer, Tuck and Doyle to sit in this hearing and that Messrs. Tuck and Doyle are present. Therefore, a legal quorum of the subcommittee of three is present and we will proceed.

TESTIMONY OF WALTER WLADYSLAW TALMONT, PEKAO
TRADING COMPANY, NEW YORK, N. Y.

Mr. Arens. Please state your full name and occupation for the record.

Mr. Talmont. Walter Wladyslaw Talmont. I am an attorney by profession, admitted recently to the New York Bar. I was also an attorney back in Poland, and presently am starting my legal practice but mainly, my occupation is president of Pekao Trading Corporation.

Mr. Arens. Mr. Talmont, the committee here will be shortly obliged to go the floor of the House because of some pressing matters that are there. I want to cover, however, some very important questions with you as briefly and as succinctly as possible.

Have you brought with you, pursuant to the informal understanding you have had with us, a number of documents and exhibits relating to the operations of Pekao Trading Corporation?

Mr. Talmont. Yes. I have here two complete sets in case you need them. These are the answers to all questions that were set forth in the subpoena served upon me.

Mr. Arens. May I suggest, Mr. Appell, who is sitting here at my right, will be reviewing these documents while I interrogate you on some other matters and he will determine here in a moment whether or not there is any supplemental information desired.

It would appear at first blush that you have given us

quite a quantity of information and we thank you for your cooperation.

Kindly tell us where and when you were born and when you arrived in the United States.

Mr. Talmont. I was born in Odesa, Russia, from Polish parents. I respectfully request that those things are entered that my grandfather was expelled from Polish territory to Russia and lived in Caucasus after the uprising against the Russians in 1863.

Mr. Arens. When did you come to the United States?

Mr. Talmont. The reason I was born in Russia, my father was also expelled from the University in Warsaw for activities against the Russians in 1904 and 1905 and was not even permitted to return to his native town when his mother was on her sick bed.

I came to the United States in October of 1940 after escaping from under German occupation.

Mr. Arens. And you are a naturalized citizen?

Mr. Talmont. Since 1951.

Mr. Arens. How was Pekao incorporated?

Mr. Talmont. I was not with the organization at the time. Pekao was incorporated as a Delaware corporation on the basis of suggestions from various people, as I could ascertain on the basis of material in the office, to organize some help to Polish people, in 1948.

Mr. Arens. Were you the organizer of Pekao?

Mr. Talmont. No.

Mr. Arens. You took it over after it was organized?

Mr. Talmont. Yes.

Mr. Arens. Give us just a word of the background, please, of the organization prior to the time that you came into the picture.

Mr. Talmont. When I came into the picture, the president of Pekao Trading Corporation at the time died and the Consul General at the time, in New York, suggested that because of my work, my original work with the Polish Shipping Company, as the work in this organization decreased, I was in charge of various liquidation matters, such as the passenger ship Vittoria, he suggested since I do not have enough work to do in the Gdynia American Lines, he suggested I take over Pekao.

Mr. Arens. Did you pay money to take over Pekao?

Mr. Talmont. No. It is not my corporation. I am just an employee.

Mr. Arens. In what capacity are you in Pekao?

Mr. Talmont. I started as managing director and now I am president and manager.

Mr. Arens. Who owns Pekao?

Mr. Talmont. It is owned wholly by P. K. O. Bank which means the Bank to Take Care of People Abroad.

Mr. Arens. Is it owned by the Polish government?

Mr. Talmont. This question I put up to a number of times for the shareholders and their answer always was they are shareholders because that is a corporation which still maintains its Poland incorporated status. They say they are shares. Those shares may be owned by the government, individuals or corporations.

Mr. Arens. Who controls Pekao?

Mr. Talmont. Therefore, I cannot say officially that it is fully controlled by the government because I never saw who has and who holds the shares in the Bank P. K. O.

Mr. Arens. Who tells you what to do? Who is your supervisor?

Mr. Talmont. Actually, they don't tell me too much to do.

Mr. Arens. To whom do you report?

Mr. Talmont. To the manager of the Bank P.K.O.

Mr. Arens. His name, please?

Mr. Talmont. Karyk H. Mucznik.

Mr. Arens. And he is located in the bank?

Mr. Talmont. He is located in Warsaw, in the bank.

Mr. Arens. Within the suite of offices occupied by Pekao, does the Gdynia-American Lines have space?

Mr. Talmont. Yes. I was in charge of the Gdynia-American Lines when they suggested that I take over Pekao and I again suggested that there would be some small space for the Gdynia-

American line while we were liquidating that.

Mr. Arens. Irrespective of the niceties of stock ownership and so on, is the directorship from Warsaw?

Mr. Talmont. Yes. There was in the beginning but at the present time there is a representative of the shareholders who is usually located either in New York or in Washington and it used to be the Consul General in New York.

After the closing of the Polish consulate, it was either one of the secretaries of the embassy in Washington or at the present time financial counsellor attached to the embassy in Washington.

Mr. Arens. Does Pekao have contracts with anyone in Poland for the purpose of gift parcel operations?

Mr. Talmont. Yes, we have the contract with the Bank P. K. O., who are the distributors of parcels over there.

Mr. Arens. That is the principal service of the Pekao Trading Corporation in New York?

Mr. Talmont. Yes, sir.

Mr. Arens. How long has Pekao been registered under the Foreign Agents Registration Act?

Mr. Talmont. We have been registered since 1954.

Mr. Arens. How long has Pekao been in existence?

Mr. Talmont. Since 1948.

Mr. Arens. Why was it not registered from 1948 to 1954?

Mr. Talmont. Because, in the opinion of the attorneys,

there was no necessity of registering under the Act. In 1934 a speech by Senator Douglas brought up the question of Pekao requesting that this matter of Pekao be investigated or that the institution should be closed because of custom duties imposed by the Polish government against relief parcels.

At the time, the suggestion was made to the administration that Pekao should be registered under Foreign Agents Registration.

Mr. Arens. Does Pekao have agents in the United States?

Mr. Talmont. They have dealers in the United States.

Mr. Arens. About how many of them are there?

Mr. Talmont. Over 300.

Mr. Arens. They are scattered around the country?

Mr. Talmont. Yes.

Mr. Arens. You have presented us with a list of all the dealers, have you not?

Mr. Talmont. Yes, I have presented you with a list of all the dealers.

Mr. Arens. Starting with the filing period under the Foreign Agents Registration Act when Pekao started filing, did the amounts reported under the Foreign Registration Act representing transmissions to the Bank of Poland, include moneys for the sale of parcels to agents outside of the United States?

Mr. Talmont. Some of them, yes, because when Pekao

started developing its activities from all over the United States, people were sending their orders for parcels.

Then, we also developed some network from dealers in Canada, seeing that there are possibilities and people wanted to be served with this particular service, so it was from Canada. Also, we were getting from South America.

Later on it developed that many people were writing to us from Australia.

Mr. Arens. What services does Pakso render to the American citizen?

Mr. Talmont. We sold the parcel as per price list, one set of which I gave to Mr. Appell.

Mr. Arens. You sell parcels?

Mr. Talmont. We sell parcels or they are also under the name of parcels or so-called orders for selection.

Mr. Arens. Do you have another service which you render?

Mr. Talmont. At the present time we are trying to develop additional service in trying to sell some Polish goods on this market, Polish art goods or some Polish food.

Mr. Arens. Exclusively in your parcel operation, you have two services—your gift parcels and then your free selection parcel.

Mr. Talmont. We consider that one service, one kind of parcel, one for selection and the others are specified parcels.

Mr. Arens. The merchandise which is vended is merchandise

which is in Poland, is that correct?

Mr. Talmont. Yes, the parcels are formed in Poland from the goods either of Polish products or imported by the distributors, the bank, P. K. O.

Mr. Arens. What is the name of the agency or store in Poland that has the merchandise which you sell?

Mr. Talmont. It is Bank, P. K. O.

Mr. Arens. May I use a typical illustration here and then ask you to carry us through? Here is a man, Mr. "X", who lives in Washington, D. C., who has a cousin in Warsaw. Mr. "X" wants to send his cousin in Warsaw a suit of clothes which he, Mr. "X" has on now. He takes this suit of clothes and wraps it up and brings it to your organization.

Can he send it to his cousin in Warsaw?

Mr. Talmont. No, sir.

Mr. Arens. Is he permitted to do so through the United States mail?

Mr. Talmont. Yes, sir.

Mr. Arens. The man in Washington wants to send his cousin in Warsaw \$100 in currency. Is he permitted to send that through your agency?

Mr. Talmont. He wants the actual bill sent to the recipient?

Mr. Arens. Yes.

Mr. Talmont. No. We did not obtain the license to

transfer the money.

Mr. Arens. Could he take this \$100, the man in the United States, and put it in an envelope and mail it to his cousin in Warsaw?

Mr. Talmont. He can and those things are being done, although I think they are slightly against the U. S. Postal Regulations.

Mr. Arens. Let us assume that the man in the United States, instead of taking his own suit off his back and mailing it to his cousin, he goes down to a store and buys a brand new suit. Can he come to your organization and have that suit sent?

Mr. Talmont. No.

Mr. Arens. Can he have it sent through the mails?

Mr. Talmont. Yes.

Mr. Arens. When his cousin receives it does his cousin have to pay any customs duty on it?

Mr. Talmont. Yes, sir.

Mr. Arens. Do you have a listing of those customs duties?

Mr. Talmont. I have a listing. I did not bring it, unfortunately, because I could not gather the old one which was in force before. After October of 1956 the customs duties were changed. They are much lower than were actually imposed in 1954. I have that but, unfortunately, in Polish.

110
Mr. Arens. If you would leave that with us we would be obliged to you. We will have it reproduced and have it sent back to you.

Mr. Talmont. This covers both--export duty--because they have started with some export duty as if somebody wants to send mushrooms or objects of art, that is also subject to duty in Poland.

Mr. Arens. The next question I should like to ask you is this: Here is the man in the United States and he wants to send to his cousin in Poland a pound of coffee and a pound of lard. Can he wrap that in a package and come to your organization and have them send it to him?

Mr. Talmont. No.

Mr. Arens. Can he send it through the mails?

Mr. Talmont. Yes.

Mr. Arens. Does his cousin pay a customs duty on that?

Mr. Talmont. Yes.

Mr. Arens. Now, we come to what I understood was your operating. I was using these other illustrations to be sure the record was clear on what your organization is not?

Mr. Talmont. As far as sending money, there are organizations here in the States that advertise and promise to deliver actually U. S. bills in Poland to the recipients. This money is being sent, shipped by mail from Switzerland or some other European country.

Mr. Arens. Can you give us the names of some of those companies that do that?

Mr. Talmont. Travellers Express Company in New York. I do not remember their exact address. Also, there is the Polish American Agency which advertises very extensively. Polish American Agency, Inc., 799 Broadway, New York 3. Also, some banks transfer the money to Poland.

Mr. Arens. Is there any charge for that service?

Mr. Talmont. Yes, there is a usual bank charge.

Mr. Arens. Are any custom duties levied on that in Poland?

Mr. Talmont. No. The only problem is when somebody gets actual dollars as sent by Travellers Express or Polish American Agency, they are permitted—that developed after 1956—they, everybody in Poland is now permitted to hold foreign currency. They are not permitted to trade with foreign currency.

They can trade only through properly authorized banks in Poland which is called Foreign Currency Control Bank.

Mr. Arens. Now, here is the man in the United States who walks into your place of business with a \$100 bill and he said, "I want to send some merchandise of some kind to my cousin in Warsaw," and he lays the \$100 bill on the table.

You say, "What do you want to send?" and he said, "Let me see what I can send," and you show him a list of commodities

that can be sent or given or selected.

Mr. Talmont. Either sent or selected.

Mr. Arens. Please tell us what happens then, just the mechanics of what happens next.

Mr. Talmont. First of all he hands us the \$100 bill. We show him the price lists which are the price lists for general commodities, a price list for fabrics which is mainly for suits, dresses and any other fabrics necessary in the household and we hand him a recently established price list of medicines.

Mr. Arens. All of these items that you direct his attention to are those items which are then in being in Poland or are they items that might be in the United States that might be physically transported to Poland?

Mr. Talmont. They are all items that are in being in Poland.

Mr. Arens. He makes a selection and says, "I want this, this and this," up to the amount of \$100. What is the next thing you do?

Mr. Talmont. We write him a receipt, a copy of which immediately goes to the accounting department which verifies whether the correct calculations were made and from the accounting department it goes to our so-called sales department which prepares manifests for Poland; those manifests which are separated by commodities in order to expedite services--on

instance, fabrics separate and foodstuffs separately.

Those manifests are being sent to Warsaw, to the Bank P. K. O., who again, in turn, send separate commodities to the warehouse where the goods are kept and the delivery should be made. When the delivery is made, the recipient is supposed to sign the receipt which is being again forwarded by the warehouse to the bank, the bank makes a recording of that and sends it back to us, and we deliver this receipt to the recipient.

I have some photostats of those receipts. I do not have the other side. I have only one side and they are from 1934 when we had this problem of this motion or suggestion by Senator Douglas at the time. I showed people the receipts showing all the things that they wrote.

The receipt on one side specifies—I do not have that with me—the parcel number, the recipient and the original signature of the recipient. The other side is addressed to the Bank P. K. O. in Warsaw and here is a space for statements or whatever the recipient wishes to write.

I could not find one to which I wanted to call your attention. It was in 1934. You could see that it was written by a young child that just starts writing and it was thanks to his father: "Dear Father, thank you for a wonderful bicycle which always will be with me."

Mr. Arenas. May I interrupt to inquire if the name and

address of the sender is made available to the Polish government?

Mr. Talmont. Not by us.

Mr. Arens. Is it made available by anybody?

Mr. Talmont. I cannot state that because I do not know. I do not have any definite evidence to that effect. There were a few instances which could indicate that some addresses were given.

Mr. Arens. Could you give us a quick summary of those incidents?

Mr. Talmont. There were a number of people, Americans, who do not have any relations or connections with Poland and they sent some parcels to France or, like this particular instance, to some people whom his aunt wanted to provide with means of living.

All of a sudden this gentleman who was very nice, and he was the executor of the estate of his aunt came to our office claiming he received a number of magazines from Poland and that he protested against that and he was very much upset claiming that we gave his address to the government.

We did not and we protested that to the bank and I wrote a letter to the ambassador and this mailing ceased for some time and they began receiving it again. After the second protest, he did not receive any more. There was also a case of dentist.

I asked them if they wrote letters separately from parcels and the answer was yes. He said they wrote letters asking them what they wanted sent to them.

Mr. Arens. What is the profit arrangement on the sending of these parcels which comes to your company, P. I. O?

Mr. Talmont. We have the arrangement that each parcel--that was the original arrangement--each parcel had a retail price as shown in the price list and also wholesale price as shown in our agreement. As you will note from exhibits to the agreement, the current price list was split this way--the purchase price, the retail price and purchase price--for each commodity.

Before I came to the company they figured out that it was averaging about 20 per cent and, therefore, for convenience in the accounting, they did not follow strictly the pricing established by this but they were just transferring--as the price for the bank--they were transferring value as per price list less 20 per cent.

Mr. Arens. Do you deduct from the \$100 that this man gave you in this typical case the fee of Peking here and send the balance to Poland?

Mr. Talmont. I would not call it a fee. It is the difference between the retail price and wholesale price and we are one of the chain, one of the intermediaries in this transaction. We take our part as per our whole sale price.

Mr. Doyle: Do you have an order blank which your clients

Mr. Talmont: No, I do not have one with me. We have order blanks on which they write their name and address.

Mr. Doyle: Would you please send the committee a copy of one of them? Is it in duplicate or triplicate?

Mr. Talmont: No, it is just one copy. Through the speaking there are several carbon copies. Also, we have several carbon copies.

Mr. Doyle: And you will furnish us a sample of that sender's receipt?

Mr. Talmont: Yes, sir.

Mr. Arens: What percentage profit is there in the transactions of Pacho?

Mr. Talmont: Presently it is 14 per cent. That percentage was steadily decreased since 1956.

Mr. Arens: Here is the man in Warsaw, Poland, who receives a certificate where he is entitled to a suit of clothes and perhaps some food. Can he sell that certificate?

Mr. Talmont: It is not selling, actually, because we do not transfer or do any transactions that could be interpreted as transfer of money, but there is an arrangement over there between the Bank P. K. O. and two other governmental institutions. One is called Gallux. The other one is called Delicatessen. They are stores which are run by the government.

Each city government has this kind of store where they keep goods of better quality. Those stores are interested in purchasing goods from Pakso. They pay the free market price.

Mr. Arens. Is the free market price higher than the regulated price?

Mr. Tilmont. It can only be described in relation to the U. S. dollar.

Mr. Arens. Give us the comparison.

Mr. Tilmont. The official rate of exchange for use was \$4. Then, in 1956 the government changed and for certain activities introduced a special rate like for tourists services, legal services and estates, they introduced of 4 Zlotys per dollar.

Pakso goods were always selling on the market for a recent rate of 18 Zlotys per dollar to, in the past year, as high as 150 Zlotys per dollar.

Mr. Arens. Here is an individual in Warsaw Poland, who has plenty of money and he goes into Pakso's store or stores over there and says, "I would like to buy a suit of clothes just like the man down the street whose brother sent him a certificate." Can he do so?

Mr. Tilmont. No, unless he has at the present time foreign currency. He cannot buy those things for Polish Zlotys.

Mr. Arens. Could he buy it with foreign currency?

219
sending money in U. S. dollars abroad developed.

Mr. Arens. How many warehouses or stores does Pekao operate in Poland?

Mr. Talmont. I do not know exactly.

Mr. Arens. Do they have several of them?

Mr. Talmont. By description I know that at the present time they have two, one in Warsaw, one in Krakow. But they do not operate directly from their own warehouses. For certain goods they are in their own warehouses, but for instance, fabrics, they go from the manufacturer's warehouse. Then the medicines are apparently shipped directly from Central Pharmaceutical Cooperative or something like that.

Mr. Arens. May I inquire if the individual in Warsaw who had money wanted to buy a suit of clothes from the United States or from England or from any free country, could he send his money over to the manufacturer in the free country and say, "Here, I want to buy a suit of clothes. Please mail it to me," just like you and I might order a suit of clothes from Sears and Roebuck?

Mr. Talmont. No, because he should obtain for this particular purpose the permission of the Foreign Currency Control Board to send money abroad because it is not permissible to send any foreign currency without a permit from the Foreign Currency Control Board.

Mr. Arens. Now, Mr. Talmont, Mr. Appell, who is much

more familiar than I with the investigation of this whole project will have a number of questions to ask you, and if you will kindly cooperate with him here.

Since I have been talking with you he has been studying the exhibits which you have furnished so, Mr. Appell, will you go ahead now and ask any questions that you have in mind.

Mr. Appell. Mr. Talmont, your financial statements which you furnished for 1955, 1956 and 1957, show different figures at the end of each year which are classified as net profit. What distribution is made of net profit?

Mr. Talmont. We retain the net profit as earned surplus. We retain that. We had this surplus in 1955. We have had returned earnings in 1956 and then we went without any earnings, with losses, 1957 and 1958 show losses.

However, you will see returned earning at December 31, but that is decreasing. That is from the past years that we have retained.

Mr. Appell. How is your profit or net earnings being reduced on the basis of the fact that you have done during 1956 in excess of \$4 million worth of business with the bank?

Mr. Talmont. The margin of profit, the differential between wholesale price and retail price was being reduced systematically against my objections since 1956.

Mr. Appell. Let us take the year of 1958. In the year of 1958, what margin of profit were you working on as to Pekao?

Mr. Talmont. In 1953 it was 13 per cent to us and on certain orders over \$500 we had 10 per cent. So when the individual order was over \$500 we had only 10 per cent and that was since July 1, 1953.

Mr. Appell. How much did you pay your dealers?

Mr. Talmont. In 1953--there will be slight differentials because of changes during the year--the basic was 10 per cent that was the difference between retail price and wholesale price which was retailed from the very beginning by the dealer.

Then, we had so-called quantity rebate depending on the sales made by the dealer. He was receiving additional rebate amounts. The highest amounted to 5 per cent.

As the sales were larger I would say it was about 4 1/2 per cent additional rebate, so it left us with 5 per cent for our operation as Pekao Trading Corporation and 13 per cent on direct orders from our customers who did not use the dealers.

Mr. Appell. Is any disposition made of the net profit to stockholders?

Mr. Talmont. We never did, because although we contemplated that we never did, because since 1948 until 1953, the company was operating at a loss. The losses accumulated for several years. When I came, I claimed that that is the most important thing, to make this company's earnings normal earnings.

In 1955 we were having some losses but this income was off-set by the losses in previous years. The same income for 1956 was off-set partly by the losses in previous years. 1956 was already set income but then I succeeded to convince the shareholders that certain reserves should be built up so they did not request that the dividends be declared.

Mr. Appell. If this business loses, the people who are losing it are the banks. They are the ones who are losing because they are the stockholders because they own Peko.

Mr. Talmont. Yes, but they were not losing because of that.

Mr. Appell. It is the bank Peko that is going to gain or lose by a loss or a profit on the operation of Peko, your company here because they are the stockholders?

Mr. Talmont. Yes.

Mr. Appell. They own the assets and they are chargeable with all liabilities?

Mr. Talmont. I will put it this way. Although they are stockholders, still we demanded and have on this side, a guarantee from them on undelivered parcels because we realize what will be the difficulty to obtain some reimbursement from them in case of any difficulties.

Mr. Appell. But it is an agreement with themselves. It is a bank entering into a contract, technically, with itself?

Mr. Talmont. Well, it is so. I agree with you, but we

were trying to maintain some measure of independence in order to protect the people ordering parcels on this side.

Due to that, we succeeded in obtaining a guarantee for \$50,000 in cash and \$100,000 guarantee by bank letter of credit and also in order to increase this amount of money on this side, also we have been able to retain these earnings on this side.

It was agreed in discussions with the shareholders that they will keep up to \$60,000 which is permissible for the corporation to keep their earnings. They agreed to keep that on this side up to the highest permissible amount, \$60,000 which was never crossed.

Therefore, we could have about \$110,000 on this side in cash plus this additional bank guarantee.

Mr. Appell. Has Bank P.K.O. ever received any money out of Pekko, the parcel company, as a dividend or profit since this company has been organized, since you have been its manager?

Mr. Talbot. As far as I remember, no, but I am confused because there was a suggestion once to pay dividends and as far as I remember it never came through. We increased the capital stock of the corporation which was previously lower. We increased it to \$12,000 and that was considered as dividends to the bank.

Mr. Appell. With respect to your agreement with Bank P. K. O., if the directors of the bank P. K. O. voted

tomorrow to close Pakao parcel, your agreement is null and void and you might have \$40,000 worth of orders over there that they decide that they are not going to deliver and there would be no way that you could even make refund of the money, if they so voted.

Mr. Talbot: I want to refresh my memory.

Mr. Appell: We are not talking about what the contract provides. The contract is with them. They are the owners of Pakao Parcel and you signed this contract as its managing director here, so if the bank cancelled, there is nothing that Pakao Parcel can do about it.

Mr. Talbot: They are supposed to give a notice sixty days prior to the dissolution of this contract to us. Then, if you will notice from the Exhibit 10 where the bank accounts are stated, you will notice on the second page there are balances of bank accounts held in trust by Pakao as Warsaw Guarantee Fund. We have \$54,000 in this.

That is actually at the present point one amount that we can fall back on in case they refuse to carry out the orders within sixty days from the notice we can use this capital to refund the payments made by the senders.

Mr. Appell: Not if Bank P. K. O. does not want to do it because this is held in trust for them by them with you being their agent as holding it in trust. They could come along and say Pakao Parcel is closed tomorrow and have Martin Popper

go to each of these places as an attorney for Bank P. K. O., the principal and sole stockholder of Pakao Parcel and seize every one of those accounts and you are helpless to get into them to do anything with them.

Now, the individual who sent the parcel condenser suit for claims against that money, but I am talking about you, and I am talking about Pakao Parcel.

Mr. Talmont. I would put it this way, Mr. Appell: They can do as you say but first they have to fire or change the directors who would object to that. If, for instance, they would come to me with a proposal like that I would say, Yes, all right, you don't want to continue. Please repay everybody who is here who paid and you don't want to carry it out, and we control those accounts. We have all the signatures.

The bank does not have any signatures shown in this account. It is true they can send a lawyer and stop payment and cause the bank not to pay out the money, but on the other hand, I, here, can cause that the proper suit will be entered against the bank against this fund, and also against an additional \$100,000 guaranteed by the Bank P. K. O., in Poland which was delivered to us through their bank, National City Bank, New York.

Mr. Appell. If those people who have undelivered parcels should hire you to enter such a suit, what happens? If they abolish Pakao Parcel, which they can do, then you are manager

of nothing.

Mr. Talbot. All believe. We make some reservation with the bank, the banks for their safety sake will not pay out the funds involved and that will be some reserve to cover the amounts due the recipients.

Mr. Appell. The thing I am trying to point out and it seems very clear to me, that there is no legal guarantee that the people will get what they are paying for in the event of action like this.

Mr. Talbot. I would put it this way, that there is no one hundred per cent proof legal guarantee but there is sufficient banking set-up to keep certain funds on this side that would off-set the loss by the senders. They will not cover all loss but will off-set it to a certain extent.

I should point out also at the point also at this moment that there was not a single claim that somebody was not returned--did not get his money back if he wanted it so. I believe it is also true that Peco's guarantee under the circumstances is better than any other parcel forwarding corporation.

Mr. Appell. With respect to the bank accounts maintained in the name of Peco, what is the account at Irving Trust Company used for primarily?

Mr. Talbot. That is primarily operation account. We pay into this account and we pay out from this account. We

\$45,000 which means you took out \$59,000.

Mr. Talmont. \$27,000 we have in those savings accounts. I do not have the statements with me but \$9,000 would be for tax, which would be \$36,000 and let us say one-half for selection orders in 1958 and 1959 it would be close to \$20,000, so it would be close to \$58,000 if they were taken from this bank account, but it would be that something was transferred to Warsaw from the Bankows Trust.

Those are in the hands of the treasury and I can answer those questions after checking the book.

Mr. Appell. With respect to your current director, I guess it is Jerry Kwiatkowski, engaged as a director of your corporation—

Mr. Talmont. I was not satisfied with the directors I had in the past years. I was complaining that it is impossible to do all this work with the people I have and requested that some changes be made.

Mr. Appell. How did you get him?

Mr. Talmont. I can give you the exact story. Can I tell you this first, off the record?

Mr. Appell. No one will see this record.

Mr. Talmont. I did not know when I accepted the job that when one of my very good clients from before the war was one of the directors of the P. K. O. Bank in Warsaw. I knew him for years and I know him as a very decent person and my

assumption is that my staying with the corporation despite that I was objecting to their demands so often was due to great extent to his support on the other side.

He never wrote to me or never mentioned that he was my client. In the beginning of 1958 I received a letter from him in which he put it this way, that referring to my conversation with one of the directors who was here I told him, "Mr.

Kwiersowski—"

Mr. Appell. Who is he?

Mr. Talmont. He is one of the three directors of the Bank P. K. O. in Poland. Speaking about the directors in Poland with one of the directors that was here in New York from Poland I mentioned that the name seems familiar. I think I met him in the office of the attorney where I practiced because that was the actual truth.

He later on was my client but I mentioned, I think I met him over there and in his letter he says I am glad that we met some days in the office of your patron, and as you have

difficulties with the management, I would suggest that you see Mr. Kwiersowski who works in Chicago and you meet him and figure out whether he will be suitable for employment in your office.

I met Mr. Kwiersowski at the time, in January, 1958. I think, something like this for the first time. At the time, he was engaged in work with the Polish-American Congress with association of former Polish soldiers in England, was quite

active in those groups, seemed to be absolutely decent and a pleasant person.

I wrote back that I met Mr. Krebjkovski and it seemed that we would be able to get along.

When Mr. Muczik arrived for the 1953 meeting of the shareholders, he conducted with Krebjkovski and discussed with him the problem of his employment and later on, Mr. Krebjkovski was made one of the directors.

Mr. Appell. Do you know whether or not Kwiatkowski has ever had any relations to the Communist Party of the United States.

Mr. Talmont. As far as I know and as far as I believe he did not.

Mr. Appell. How did you get Julius Danies?

Mr. Talmont. As I said, I was complaining for years about the directors. In 1957 I suggested to the representative of the shareholders that maybe Mr. Danies will be a suitable person for employment in our organization. I knew him very slightly but he showed some interest that he may be interested in accepting employment in Pekao.

I did not see him then for about a year and a half and apparently, he knew one of the directors in the bank Pekao in Warsaw, apparently was in some contact with him and although I would not recommend him after a lapse of a year because of nothing else but I got more information about his unsuccessful

business activities, his candidacy came up and I did not

Mr. Appell: Do you know anything about a relationship on his part with the Communist Party of the United States?

Mr. Talmont: I do not think there is any.

Mr. Appell: How about Nikodem Szafer? *NY Poland*

Mr. Talmont: I know Mr. Szafer since 1943, I guess, or 1944. During the war he came to the Polish consulate where I was employed as wartime consulate as chief of the legal department with a very difficult problem. He had a transit visa to Venezuela by the United States but could not proceed because of some sickness and it was a question of helping him out and obtaining permission of the American authorities for him to stay in this country and I helped him a lot in this instance.

Then, I did not see him for years and he was introduced to Paker in 1955 by the former directors. Then we met. We knew each other. I believe that he is very loyal to me, most loyal of all other directors I have ever had. His capacities are unfortunately limited but I definitely can rely upon him in many respects.

Mr. Appell: Do you know of any association he ever had with the Communist Party of the United States?

Mr. Talmont: I believe none. He is the strongest of all three.

Mr. Appell. How about Kazimierz ~~Michalski~~? How did he become a director?

Mr. Talmont. He became a director before I came and as far as I know he was introduced by Mr. Michalski or, rather, I would put it this way: By Mr. Kutliowski, former director of Gdynia-American line to Mr. Miharaki who was the first president of the Pakao Trading.

Mr. Appell. Do you know of any association he had with the Communist Party?

Mr. Talmont. I do not think there was any association. He was a weak person, unable to obtain satisfactory employment elsewhere and many times he voted against my recommendations and caused a lot of trouble.

Mr. Appell. How about John S. Ikora?

Mr. Talmont. Mr. S. Ikora was introduced in 1956 by the representatives of the bank who came at that time. I believe that he was recommended to them by the Polish Embassy in Washington. He had definitely many aspects of political personality. He was introduced in such manner that until the day when election to place, I did not know who was going to be a director.

His representative of the bank came to the office about eleven o'clock and told me now he is going to the station to meet a person who is arriving from Chicago and who he intends to have as a director. Then I asked him, "Can you give me the

name?" and he said, "Well, we will be over here and I will have all the directors together and then I will introduce him to you."

I insisted upon getting the name. Perhaps that should be off the record. I immediately called up the Polish-American Congress in Chicago, a friend of mine, because he was from Chicago, a name such and such, who is that, because he is being brought here as a director.

Within half an hour I received a reply from Chicago. He said he was a chairman of the reception committee in Chicago for ambassador Spasowski. There was a reception but he was the chairman of the welcoming committee, welcoming Ambassador Spasowski.

He indicated in many instances during our work for three years that he has inclinations toward supporting the present situation in Poland. He never specified in any way or did not prove in any way that he is a Communist himself.

Mr. Appell. Has he been released as a director?

Mr. Belmont. He has been released as a director because of inability to handle his position. He was taken from the factory. He did not have sufficient education, and his behavior--we had been fighting all along so strongly that it was impossible to cooperate any longer and those people were on recommendations for dealership, people connected with some political inclinations or something like that which I was

forestalling and trying to put off and he was accusing me of not doing the things that are in the interest of Pekao or I am discriminating against people who are favorable to the present regime.

Mr. Appell. Do you have any dealers whom he recommended?

Mr. Talmont. At the present time, there are a few recommended by him. I would not qualify all of them as bad stock, but one definitely was recommended by him. That is Europe Travel Bureau, president Joseph Megalia in Chicago, 1130 North California.

Mr. S-ikora and people from the embassy were after me for some time to make this outfit a dealer. I refused on the basis that Mr. Megalia has at the same time a radio station, Polish Radio outlet, and that that will put him in preferable situations with regard to other dealers as far as competition is concerned.

But I was under the impression for about two years—I served without making Mr. S-ikora a dealer, but last year when the representatives of the shareholders came and visited with the embassy, he returned and said, "Mr. Talmont, why are you creating such difficulties? You have to give in once in a while. You can't be so stubborn and this and that," and so that as a person to do a favor, so that went on the board of directors.

Mr. Appell. What is S-ikora doing now?

Mr. Talmont. I don't know. We were fighting very strongly. He should say in his favor when he said goodbye to me he said, "Mr. Talmont, you know I am being left without a job. I fought with you all along because I believed it is right what I was doing, but I appreciate your knowledge of the business and your ability. Although harsh words were spoken, let's forget about that. Goodbye."

I said also to him, "Although you were very often unpleasant at least I knew you were consistent and I knew what to expect of you while the others sometimes are just opportunists and I didn't know what to expect from them."

Mr. Appell. Did he lose the job because of any break in relationship between him and the embassy or was it solely because he could not do the job for Peking?

Mr. Talmont. As far as I know I did not hear of any special close relations with the embassy outside of that initial information and I don't know of any particular break with them.

Mr. Appell. Was he still friendly towards the government when he left? After all, you said he was being left without a job.

Mr. Talmont. I believe that maybe he was on different premises slightly. There was some revolution in his mind during this period. There is no doubt about it. There was some revolution, but in the beginning he was very outspoken.

After on, he was continuing the same fights but rather with some flavoring of that for the benefit of the Polish people than for the benefit of the government. I would put it this way: The main trouble with him was that, for instance, he requested that Glos Ludowy—they maintain a little shop in their building and he was after me for all this time to give them a dealership. I was refusing that consistently and they do not have it still.

Mr. Appell. That concludes all that I have. I am returning these back to you because we have already made copies of them.

Mr. Talmont. I would like to point out that before coming to Peko Trading Corporation in 1952, I conferred with several people from Polish immigrant circles and it was agreed that if I am willing to undertake that, it is generally considered that this institution to help the Polish people is worthwhile maintaining.

Mr. Appell. I would say there is no intention of the committee recommending that these companies be abolished.

Mr. Talmont. Then, maybe this is not necessary. I have full material that will illustrate, like copies of those letters, which would illustrate how much this institution has done. There was a question directed to me regarding whether it is in the channel to transfer it for transferring hard currency to Poland.

Although it is, it seems to me that the benefits deriving from the institution are much greater than the value of this hard currency going to Poland which, in comparison with their importation and loans and things like that, is very small.

Mr. Arens. We thank you, sir, very much for your cooperation.

Mr. Talmont. If there is anything else I can do, I will be glad to do so.

(Whereupon, at 12:05 p.m., the hearing in the above-entitled matter was recessed, subject to call of the Chair.)

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